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OFFICE OF THE  
EXECUTIVE SECRETARY  
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June 26, 2000

VIA HAND DELIVERY

David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37238

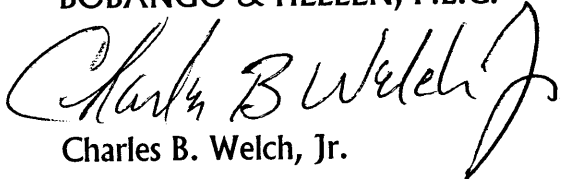
Re: Petition to Convene a Contested Case Proceeding to Establish Permanent  
Prices for Interconnection and Unbundled Network Elements  
Docket Number 97-01262

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of the Tennessee Cable  
Telecommunications Association's Comments regarding BellSouth's unbundled  
network element revised cost studies. Copies of the enclosed are being provided to  
counsel of record for all parties.

Very truly yours,

FARRIS, MATHEWS, BRANAN  
BOBANGO & HELLEN, P.L.C.

  
Charles B. Welch, Jr.

CBW:ccw

Enclosure

CC: Stacey Burks

POSTED  
6-27-00

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**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION TO CONVENE A CONTESTED  
CASE PROCEEDING TO ESTABLISH  
PERMANENT PRICES FOR INTERCONNECTION  
AND UNBUNDLED NETWORK ELEMENTS**

**DOCKET: 97-01262**

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**COMMENTS OF THE  
TENNESSEE CABLE TELECOMMUNICATIONS ASSOCIATION**

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The Tennessee Cable Telecommunications Association ("the TCTA"), through counsel, respectfully submits its comments regarding the June 9, 2000 unbundled network element ("UNE") cost studies filed by BellSouth Telecommunications, Inc. ("BellSouth" or "the Company").

**I.**

On April 25, 2000, the Directors ordered that BellSouth adjust its TELRIC Calculator model for a limited number of items. The Company contends that its cost proxy model has been modified per the specified adjustments and that the cost studies are compliant with the order. An analysis of BellSouth's filing reveals, however, that it is difficult to verify that the required adjustments have been made to the model and that the Company has accurately followed the order's directives.

**A. In developing the recurring rate additive for Operations Services Support systems cost recovery, BellSouth has failed to reflect the Company's own use of the systems per the order.**

The January 25, 1999 Interim Order provides that all carriers, ILECs and CLECs, should pay a recurring rate towards the recovery of BellSouth's Operations Support

Services ("OSS") systems costs. The TRA's position was clarified in its November 3, 1999 Order: "OSS interface costs should be recovered from all users of the new systems, whether ILECs or CLECs" (November 3, 1999 Order in Docket No. 97-01262, page 34). BellSouth unsuccessfully argued in reply comments submitted to the Authority that the Company does not use the electronic interfaces and that the systems were deployed solely on behalf of CLECs.

In addressing the OSS cost recovery issue during the April 25, 2000 conference, the Directors unanimously agreed that:

"The Authority previously ordered that operation support services costs to BellSouth shall be recovered from all users of the OSS systems, whether by ILEC or CLEC, or by BellSouth itself through an additive to the recurring rate for all UNEs. This language does not exclude BellSouth from the OSS cost recovery. BellSouth should be ordered to remove the OSS electronic interface cost from its recurring and nonrecurring cost studies so as to recover these costs [as an] additive to the recurring rate for all UNEs" (April 25, 2000 TRA Directors' Conference transcript, page 9, line 15 through line 24).

BellSouth's most recent round of cost studies, however, do not appear to be compliant with the Authority's directive with respect to spreading cost recovery for OSS systems among all carriers, including BellSouth. In its June 9, 2000 filing, the Company explains that:

"In its November 3, 1999 ruling, the TRA ordered that OSS costs be recovered on a "per UNE" recurring basis. BellSouth filed the calculation that converted the \$9.83 per order cost BellSouth originally filed to a \$.19 per UNE recurring cost on December 1, 1999" (BellSouth June 9, 2000 filing, Section 1, page iv).

In its original filing, BellSouth proposed that a nonrecurring charge of \$9.83 per order be recovered from CLECs for use of its OSS systems. The proposed nonrecurring

charge did not reflect BellSouth's use of the OSS systems. In the cost studies submitted in response to the TRA's November 3, 1999 ordered adjustments, the Company converted the \$9.83 nonrecurring charge to a recurring rate additive of \$0.19 per month. The June 9, 2000 cost studies continue to include the \$0.19 OSS systems additive in the recurring rates for loops, ports, local channels, and combinations using these elements. Contrary to the Authority's requirements, the \$0.19 recurring rate additive assumes that BellSouth does not use the OSS systems and that all cost recovery should be borne by carriers requesting unbundled network elements. The Authority has been quite clear in its directives that BellSouth should share in the cost recovery of OSS systems. The Company should be ordered to develop a recurring rate additive that reflects BellSouth's use of the OSS systems.

**B. BellSouth has not provided sufficient documentation to support its inclusion of vertical features costs in the recurring rates for unbundled ports.**

Another area of BellSouth's cost studies addressed by the Authority during the April 25, 2000 conference was the cost recovery for use of vertical features. Chairman Malone summarized the Authority's position:

"The next area of contention concerns vertical features. It's my opinion, after reviewing the record, that BellSouth has not complied with the Authority's orders in this regard. Under the Authority's orders, switch vertical features must be built into the unbundled switch port element. Permitting BellSouth to include separate charges for vertical features may allow it to double-recover its costs for vertical features. BellSouth should adjust its cost studies by removing the separate charges for vertical features, such that a switch port includes all features" (April 25, 2000 TRA Directors' Conference transcript, page 10, line 3 through line 14).

BellSouth's June 9, 2000 cost studies are compliant with the Authority's order in the sense that charges for vertical features are now embedded in the recurring rates for certain

ports. It is not clear how the Company converted the recurring rates for vertical features into the currently proposed charges for ports. The documentation accompanying BellSouth's cost studies is limited to the following support: "The TRA ruled that 'switch vertical features must be built into the unbundled switch port.' Thus, feature costs were grouped according to the associated port and added to port recurring costs" (BellSouth June 9, 2000 cost filing, Section 1, page vi.).

The Authority's concern that BellSouth may be allowed to double-recover its costs for vertical features is shared by CLECs. Indeed, as presented in the following table, the proposed recurring rates for ports in the most recent filing represent a substantial increase over the rates submitted in the Company's prior filing of December 1, 1999.

<u>Element</u>	<u>Description</u>	<u>December 1, 1999 Proposed Rate</u>	<u>June 9, 2000 Proposed Rate</u>	<u>Increase in Port Charges</u>
B.1.1	2-wire analog line port	\$1.70	\$4.73	\$3.03
B.1.2	4-wire analog voice grade port	8.08	11.11	3.03
B.1.3.	2-wire DID port	8.78	8.97	0.19
B.1.4.	4-wire DID port	35.56	35.74	0.18
B.1.5.	2-wire ISDN port	16.07	18.40	2.33
B.1.6.	4-wire ISDN DS1 port	74.85	78.59	3.74
B.1.7.	2-wire analog line port (PBX)	1.59	4.63	3.04
B.1.8.	Coin port	1.82	2.16	0.34

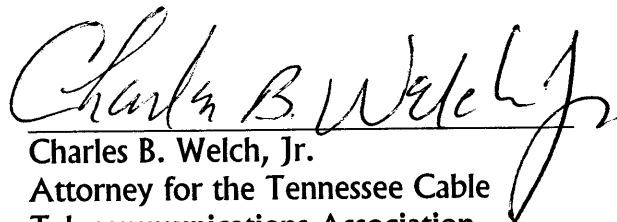
BellSouth should be required to support the proposed increase in the recurring rates for ports consistent with Director Greer's recommendation that "any adjustments that are required to be made need to be explained in detail, Mr. Chairman, so that we don't have to guess as to how they made them" (April 25, 2000 TRA Director's Conference transcript, page 12, line 13 through line 16). To date, BellSouth has failed to provide explanation or justification for these significant rate increases.

## II.

For the foregoing reasons, the Authority should require BellSouth to revise its June 9, 2000 UNE Cost Studies to ensure compliance with its previous order and directives.

Respectfully submitted,

FARRIS, MATHEWS, BRANAN  
BOBANGO & HELLEN, P.L.C.

A handwritten signature in cursive script, reading "Charles B. Welch, Jr.", written in black ink.

Charles B. Welch, Jr.  
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### **Certificate of Service**

I Charles B. Welch, Jr., hereby certify that I have served a copy of the foregoing document on the parties listed below, by depositing copy of same in the U.S. Mail, postage prepaid, this the 26<sup>th</sup> day of June, 2000.

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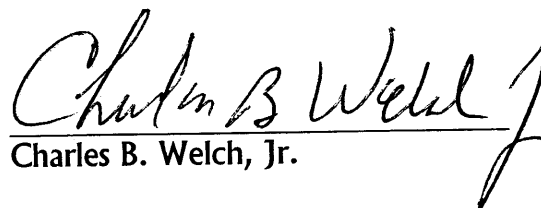
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